



CITY OF SOUTH PASADENA

MANAGEMENT SERVICES DEPARTMENT
1414 MISSION STREET, SOUTH PASADENA, CA 91030
TEL: (626) 403-7210 • FAX: (626) 403-7211
WWW.SOUTHPASADENACA.GOV

Questions received at the March 20, 2017 Community Meeting on Renters' Concerns:

1. Why bother with rent control when the South Pasadena rental units are in the thousands, yet the complaint number barely up to 100?

In late 2016, the tenants of the Amberwood Terrace apartment complex contacted City staff and attended several City Council meetings to inform the City Council that the property was recently sold and they received notices from new ownership that their rents were increasing dramatically in a short period of time. After hearing the concerns, the City Council authorized the formation of an Ad Hoc Committee for two purposes:

- a. To look into the Amberwood Terrace situation immediately; and
- b. To research the legal, fiscal, and policy aspects of any potential legislation, with the goal of developing a recommendation for the full City Council to consider.

It should be noted that the City Council and staff received comments and requests for assistance from local renters both prior to and subsequent to the resolution of the Amberwood Terrace issue, with residents claiming to be dealing with multiple issues including significant rent increases and eviction notices. The City Council does not take this issue lightly, and for that reason asked the Ad Hoc Committee to study the issue before the entire Council takes up any item.

2. For what reason would the City of South Pasadena not institute Rent Stabilization?

At the December 7, 2016 City Council meeting, the City Council advised staff on the types of questions that the Ad-Hoc Committee should seek to answer for the Council to formulate a decision on the matter. Among those questions are:

- What is the impact of adopting rent control in South Pasadena, when no other cities in the region have rent control?
- Does rent control pose an obstacle to the property owner to make investments to improve and maintain the property?
- What criteria are used to increase rent?
- What are the costs to establish and implement rent control? How would the City recover those costs?
- What alternatives to rent control exist? How well are these alternatives perceived to work?
- What is the pattern of rental vacancy in South Pasadena and how does that compare to neighboring jurisdictions?
- How does rent in South Pasadena compare to comparable cities in the region?

To view the meeting minutes from this meeting, go to <http://www.southpasadenaca.gov/index.aspx?page=547>. To view the video recording of the meeting, go to http://www.spectrumstream.com/streaming/south_pasadena/2016_12_07.cfm.

3. **I am renting to a student with little income, who is subsidized by a parent or savings. Can the landlord be forced to reduce rent because of the low income?**

No. While the City of South Pasadena has the authority to institute a moratorium on rent increases for a temporary period of time, the City Council does not have the authority to roll back rents under current state law, or to tie rent directly to a tenant's income.

Under the Costa Hawkins Rental Housing Act of 1995 (CA Civil Code, section 1954.50 - 1954.535), property owners are allowed to establish the "initial rent" of rental units, and Cities may then regulate the rate of increase from this initial rent.

4. **Questions on rent increases:**

- a. **What is stopping our apartment owner from raising the rent 10% every year? Two years in a row our rent was raised 10%. We now pay \$2,175 for a 2-bedroom, 1 bath, and ac in unit. There is a pool and a small workout room. Utilities are not included.**
- b. **Are there any existing limitations on rent increases in South Pasadena? Tenants in our building have received 20% increases recently! Is there no regulation to limit these increases?**
- c. **You claim the average median for rent in South Pasadena is \$1,500. My rent has been raised the last three years. Each time it was raised \$300. Is this legal? The rent was \$1,400 and now is \$2,300. My landlord claimed we are below market value. I live in a 2 bedroom, 2 bath apartment.**

As of now, there are no limitations regarding rent increases within the City of South Pasadena. However, California law mandates that a landlord must give the tenant at least 30 days advance notice if the rent increase is 10 percent or less of the rent charged at any time during the twelve months before the rent increase takes effect. A landlord must give at least 60 day's advance notice if the rent increase is greater than 10 percent of the rent charged at any time during the twelve months before the rent increase takes effect. (*Civil Code Section 827b*)

5. **If a rent stabilization ordinance limits the amount of a rent increase, will a City at the same time limit increases on a landlord's expenses to maintain an older property (i.e. plumbing, electrical, appliances, maintenance labor, insurance, utility costs)?**

No. Rent stabilization programs place no limitations on the rate of increase for a landlord's expenses. However, any rent stabilization policy considered by the Council would provide a process for owners to show need for a larger adjustment in order to protect a reasonable rate of return on their investment property. Thus, if a landlord's operating expenses increase, they would be able to use that to justify a rent increase that will cover the cost of those operating expenses.

6. **Questions on affordable housing programs:**

- a. **What is the City of South Pasadena doing to promote multifamily development? Didn't the school district development project get rejected by residents due to impact on schools and traffic? How does the City of South Pasadena operate, manage, and maintain their city owned below market rental units? How can this burden be put upon individual property owners?**
- b. **At one point there was a proposal for low rent or senior housing to be built in South Pasadena—is there any discussion currently on this topic? At this point, I am being priced out of the available market and may have to look elsewhere, but would prefer to stay in South Pasadena.**
- c. **One can argue that the shortage of affordable housing is due to the lack of sufficient development. However, many developers are unwilling to build affordable units or build enough of them. What can cities do to mitigate this?**

The City of South Pasadena currently operates a single unit of low-income housing. In addition, the City intends to develop multiple units of low-income senior housing, but does not have any official plan or timeline for doing so at this time.

Currently, the City is in the process of updating the General Plan and Mission Street Specific Plan, the main policy documents setting forth the City's vision and policies to guide growth, development, and change over the next 20 years. Depending upon the vision that the residents and businesses outline for our community, the City may gain some additional tools to spur affordable housing locally. However, without a significant source of funding affordable housing programs, the amount of affordable or low-income units that could be developed would be few.

As noted in reports from multiple state agencies, the housing crisis is a state-wide issue (see the [California Department of Housing and Urban Development Statewide Housing Assessment](#) and the [California Legislative Analyst's Office *Perspectives on Helping Low-Income Californians Afford Housing*](#) for more information), with numerous factors contributing to the lack of affordable housing. The State legislature currently has three proposals aimed at assisting local governments to spur affordable housing development:

- [SB 540 \(Roth\) Workforce Housing Opportunity Zone](#)
- [SB 2 \(Atkins\) Building Homes and Jobs Act](#)
- [SB 3 \(Beall\) Affordable Housing Bond Act of 2018](#)

These bills have the stated purpose of providing local governments with tools to fund affordable housing development. City staff is tracking these items as they move through the legislature in order to understand how they could potentially impact our community.

7. **Is there any information on the number of homes and housing units owned by Black Rock Investment here in South Pasadena?**

No, the City does not have the capability of tracking third-party investment in local properties.

8. **Where is the data regarding rental housing prices sourced from? Does the data differentiate between established, long-term renters (currently in a rental for 1+ years) vs. current rental prices charged to new tenants?**

The rental housing data being collected by the City of South Pasadena comes from the American Community Survey (ACS) collected by the U.S. Census Bureau. The ACS provides vital

information on an ongoing annual basis about the United States and its people. Information on the survey can be found at <https://www.census.gov/programs-surveys/acs/about.html>.

While the survey does provide accurate estimates of when tenants moved into local housing units and the distribution of gross rent across the local market, the survey does not cross-reference the two data sets. As such, we cannot ascertain gross rent for short- versus long-term tenants.

- 9. Please provide the actual number as well as percentage for the two pie charts on page five of the handout: e.g. structures subject to Costa Hawkins and the number potentially open to rent stabilization, and the breakdown by when built.**

Prior to posting the slideshow to the City's website, City staff added these figures. Please go to www.southpasadenaca.gov/rent in order to view the revised presentation.

- 10. What rights do renters have under Just Cause Eviction Ordinances? How much can rent go up under a Just Cause Ordinance?**

Several cities within the State of California have enacted some form of a Just Cause eviction ordinance. While these ordinances do not dictate or limit rent increases, they give tenants tools to contest wrong eviction, and, in some instances, set a process for a City to review claims of wrongful termination of tenancy.

- 11. Can I establish a non-smoking property (i.e. no cigarettes, marijuana, candles)? What about hoarders?**

The City of South Pasadena has regulations for smoke-free multi-unit housing, available at www.southpasadenaca.gov/tobaccopolicies. These regulations are intended to limit the locations where tenants may smoke in order to protect the rights of non-smokers. Under the City's municipal code, violation of smoke-free multi-unit housing provision is considered a public nuisance.

California Civil Code does allow property owners to terminate a tenancy if a renter violates any provision of the rental agreement, substantially interferes with other tenants (commits a nuisance), or uses the premises for an unlawful purpose. Please contact the Housing Rights Center if you wish to receive additional counseling on the matter and/or speak with an attorney. The Housing Rights Center is available at www.hrc-la.org.